

### III. Identification of Current Improvement Opportunities

The ideas generated by the leaders of each department/division in conjunction with information from the ABC model provide an excellent starting point for MCAS Iwakuni's process improvement journey. The following section outlines some of the "Current Improvement Opportunities" discussed in the ABM workshops. It is important to remember that these ideas are *opportunities* and that no savings or improvements can be realized without analyzing and taking *action* on the idea itself.

#### 3.1 Recommendation #1 – Logistics Boathouse – Analyze Suspending Kure Supply Runs Provided to the Commissary

**Current Environment:** The boathouse currently provides between two and five supply runs a month to Kure for the Commissary. Each run requires three boathouse personnel and a boat to be dispatched for an entire day. According to the boathouse, the Commissary requests the Kure runs because it is a convenient way to receive supply support. Preliminary analysis by the boathouse however, has shown that other means of transportation exist which could provide the

same or similar service to the Commissary for less cost. In addition, the training value to the crew is low due to the repetitive nature of the missions.

**Description of Recommended Actions:** A cost/benefit analysis should be performed comparing the cost of providing Kure run support to the Commissary versus alternative methods of transportation. Multiple factors need to be considered in the analysis including:

- Direct and indirect labor costs of boathouse personnel
- Operating costs of providing the run (e.g., fuel and other supplies)
- Increased maintenance costs on capital equipment
- Advantages of the Kure run for the Commissary over other modes of transportation
- Potential costs of other modes of transportation
- Logistical advantages/disadvantages of alternate transportation.

**Potential Outcome: Cost Savings \$80K; and Realignment of Between 0.3 and 1.2 FTE**

The boathouse estimates that they spend \$80K a year to support the Kure runs for the Commissary. If a more cost effective alternative exists the boathouse will potentially save the \$80K and be able to realign between 0.3 and 1.2 FTE devoted to the Kure runs.

### **3.2 Recommendation #2 – Logistics Cryogenics – Install “Flash Tank” Liquid Oxygen (LOX) Exchange System**

**Current Environment:** The cryogenics division has highlighted several inefficiencies in their processes caused by not having a “flash tank” LOX exchange system. In the current environment, when an order for LOX is received, the employees must start the cryogenic pump to fill the designated container, thus leading to increased wear and tear on the pump. LOX is used to prime the pump each time the pump is started causing a loss of LOX. In addition, there is a required cooling period when using the cryogenic pump.

**Description of Recommended Actions:** The cryogenics division is currently working with the Navy to locate and procure a “flash tank” LOX exchange system. The overall capital expense for the system is low, therefore; if the installation of the system can be made a priority the base should see immediate return on investment.

**Potential Outcome: Reduced Maintenance Costs; Reduced LOX Loss; and Realignment of Approximately 0.1 FTE**

The cryogenics division currently spends \$12K on maintenance and repair of cryogenic equipment. Installing the “flash tank” LOX exchange system may reduce these costs. The system will also eliminate the need to prime the cryogenic pump as often. This should result in a reduction of LOX loss. Finally, by not using the cryogenic pump directly, employees will no longer have to wait during the cool down period of the pump. This should save approximately 10% of an FTE’s time and delivery of the LOX should be faster.

### 3.3 Recommendation #3 – Logistics Fuels – Analyze FAP Agreement with MAG

**Current Environment:** The station fuels division within Logistics is currently spending between 5 and 10 percent of their time delivering fuel to MAG F/18 aircraft that do not use the hotpits. The fuels division does receive FAPed personnel from the MAG, however; in most cases these personnel do not meet the requirements needed to provide service to the F/18s. As a result additional workload is placed on those station employees that are qualified to deliver fuel and reduces the overall effectiveness of the fuels division.

**Description of Recommended Actions:** Analyze the current FAP agreement with the MAG to make sure the appropriate personnel are provided to the station.

#### Potential Outcome: Resource Realignment Between \$25K and \$50K

The fuels division spends approximately \$530K delivering fuel to aircraft. By analyzing the FAP agreement the station could realize a 5 to 10 percent realignment of these resources. This should allow the fuels division to provide better and more service to the station.

### 3.4 Recommendation #4 – Perform a Billet Analysis in MCCA

**Current Environment:** Several positions within MCCA, that are supporting Class A activities the majority of their time, are classified as APF positions and are being funded by the base. According to new regulations, these positions should be converted to NAF positions and should be funded by NAF funding. If a percentage of their time is spent supporting Class C activities, the base should fund that percentage of their salary. There is also at least one billet within MCCA that can be eliminated, as there is no specific work for that billet to perform.

Billets to convert from APF to NAF:

Golf Course	GS 8-Local	\$53,945.21
Club Manager	GS 12-Stateside	\$62,482.50
Marketing	GS 11-Stateside	\$44,164.12
Bowling Alley	GS 7-Local	\$38,570.25
Personnel	GS 9-Local	\$43,311.47
Personnel	GS 11-Stateside	\$74,503.95
Total		<u>\$316,977.50</u>

Billets to convert from APF to NAF but partially fund with APF:

IT	GS 9-Local	\$47,737.92
IT	GS 11	\$57,649.01
Maintenance	WS 10-Local	\$63,947.85
Total		<u>\$169,334.78</u>

Billets to eliminate or realign:

Theatre	GS 7-Local	\$38,570.25
Total		<u>\$38,570.25</u>

**Description of Recommended Actions:** A through billet analysis should be preformed on all areas of MCCS that receive APF funding. Billets that support Class A activities should be converted to NAF. Billets which support Class A and Class C activities should be asked to provide a description of the Class C activities that they support and the percentage of time they spend supporting those activities.

**Potential Outcome: Cost Savings in excess of \$400K.** With the majority of the work being performed by the IT and Maintenance billets supporting Class A activities, these billet changes have the potential to save the base more than \$400K.

### 3.5 Recommendation #5 – MCCS Semper Fit – Evaluate Skeet Range Utilization

**Current Environment:** MCCS Semper Fit operates a skeet range for base personnel and dependents. The Semper Fit director has noted a limited use of the skeet range and is anticipating being able to shut the range down if there are no political roadblocks.

**Description of Recommended Actions:** Perform a cost/benefit analysis of closing skeet range. The analysis should include:

- Skeet range utilization
- Costs associated to running the skeet range
- Potential alternatives for resources currently devoted to skeet range
- Potential drawbacks of closing skeet range.

**Potential Outcome: Resource Realignment of \$53K; Realignment of Approximately 1.95 FTE**

If the skeet range is under utilized, it should be closed, and the resources devoted to other areas of Semper Fit that improve quality of life for more residents on station. The skeet range currently consumes \$53K and 1.95 FTE. This is a substantial investment of time and money for a service that is potentially under utilized.

### 3.6 Recommendation #6 – MCCS Semper Fit – Evaluate the Need for Four Pools

**Current Environment:** The station currently operates four swimming pools (three outdoor and one indoor) during the summer months. The location of the outdoor pools does allow considerable access for all residents on base, however; the utilization of each pool seems to be low.

**Description of Recommended Actions:** Perform a cost/benefit analysis of closing a pool. The analysis should include:

- Individual pool utilization
- Costs associated with running each pool
- Potential alternatives for resources currently devoted to operation of station pools
- Negative effects of closing each pool.

**Potential Outcome: Resource Realignment; FTE Realignment**

Closing a station pool will not significantly reduce the quality of life on station. The base is very small, therefore; those that wish to swim will still be able to even if the pool in their area closes. Currently, \$196K is devoted to operating the base pools (this number may be understated because the ABC model does not include summer hires). A significant portion of these resources could be realigned to other areas if a pool is closed.

**3.7 Recommendation #7 – MCCS Semper Fit – Evaluate Installation of Commercial Laundry Facilities in the Gymnasium**

**Current Environment:** MCCS Semper Fit operates household washer and dryers to perform laundry duties for the gymnasium. To supplement drying, MCCS spends approximately \$2K to operate additional coin operated dryers. In addition, employees devote substantial time to monitoring the gym laundry process.

**Description of Recommended Actions:** Evaluate installation of commercial laundry facilities for the gymnasium. Factors that should be considered include:

- Potential long-term effects on laundry service for the gymnasium
- Current costs of running laundry services
- Costs to upgrade current laundry facilities
- Current FTEs devoted to monitoring laundry processes.

**Potential Outcome: Resource Requirements of \$30K; Improved Service to Gymnasium Customers; FTE Realignment**

While installing commercial laundry facilities at the gymnasium may cost \$30K, the overall benefits to the station should be kept in mind. In addition to better service for gymnasium customers, MCCS Semper Fit can devote additional staff time to customer related issues.

**3.8 Recommendation #8 – MCCS Bachelor Housing – Examine Position Descriptions for Selected Employees**

**Current Environment:** MCCS Bachelor Housing has four levels of employees responsible for checking the status and cleanliness of rooms. Each of the employee's position descriptions

requires them to designate various percentages of their time to room status checks. The position descriptions create an unnecessary duplication of effort for bachelor housing employees.

**Description of Recommended Actions:** Evaluate the current position descriptions and determine the appropriate level of support needed to ensure room status.

**Potential Outcome: Resource Realignment, FTE Realignment**

Bachelor Housing currently devotes approximately \$213K and 6.35 FTE to the activity of "Management and Admin Duties." By redefining some of the position descriptions a significant amount of resources and FTE could be realigned to other areas that are currently under funded or under staffed.

### **3.9 Recommendation #9 – MCCS Bachelor Housing – Evaluate Implementation of New Maid Team Structure**

**Current Environment:** The maid team structure requires that maids be to multiple locations on base. This directly affects the amount of time that maids are able to clean. In addition, a driver is needed to shuttle the maids from location to location.

**Description of Recommended Actions:** Implement Bachelor Housing's new maid team structure that would allow maids to focus on particular building groups.

**Potential Outcome: Resource Realignment, FTE Realignment**

Bachelor Housing currently devotes approximately \$1M and 33 FTE to the activity of "Provide Housekeeping Services." This structure will eliminate the need to have maids shuttled from one location to another, thus, saving employee time. In addition, the driver of the maids can be realigned to help in other areas.

### **3.10 Recommendation #10 – MCCS Accounting – Evaluate Elimination of Petty Cash Accounts**

**Current Environment:** MCCS Accounting is currently eliminating the petty cash accounts for U.S. Dollars. In addition, MCCS Accounting may eliminate petty cash accounts for Japanese Yen.

**Description of Recommended Actions:** Continue evaluation of petty cash accounts and eliminate to determine if they can be eliminated.

**Potential Outcome: Resource Realignment, FTE Realignment**

The elimination of petty cash accounts should reduce reconciliation costs incurred by MCCS Accounting and allow additional FTE to be realigned to other areas.

**3.11 Recommendation #11 – Study the duplication of effort being preformed by MCCS IT Department and the S-6 ISMO**

**Current Environment:** MCCS maintains its own IT Department to provide service to its different departments at a cost of \$427,788.12. The base provides IT services through its S-6 ISMO group at a cost of \$2,392,615.62. This duplication of effort is necessary due to slow response time by ISMO to MCCS IT problems.

**Description of Recommended Actions:** The ABC/M Core Team should study the actual need for MCCS to maintain its own IT Department. If possible, S-6 ISMO should provide this service for MCCS, thus allowing MCCS to reallocate resources to other areas. This analysis should include representatives for not only MCCS Support and S-6 ISMO, but also MCCS Business Operations, as they are more often than not the customers of IT services.

**Potential Outcome: Reallocation of resources/cost savings.** Any reduction in costs of this duplication of effort frees up resources that could be used in other areas of MCCS. The S-6 ISMO should be used as much as possible for IT issues, thus allowing MCCS to reduce the amount of resources it spends on its in-house IT Department. In our discussions with MCCS Business Operations, we found that they feel a disconnect between MCCS Support and their department. Their input into this analysis would be helpful and should foster a better team-like environment in MCCS.

**3.12 Recommendation #12 – Study the duplication of effort being preformed by MCCS Maintenance and the Air station's Facilities Maintenance Division**

**Current Environment:** MCCS maintains a Maintenance Department at a cost of \$962,816.29 to provide maintenance to its organization. The Facilities Maintenance Division on the Air station provides maintenance service to the remainder of the Air station, and in some cases, to MCCS.

**Description of Recommended Actions:** Again, an analysis should be done to reduce as much of this duplication of effort as possible. The Facilities Maintenance Division should be used whenever possible to reduce the amount of resources spent on an in-house Maintenance Department at MCCS. This analysis should also include input from MCCS Business Operations, as they are the primary customers of most maintenance work.

**Potential Outcome: Reallocation of resources/cost savings.** Any reduction in this duplication of effort will provide more resources to be used in other areas of MCCS. Facilities Maintenance should be used as much as possible to reduce the amount of resources that MCCS has to devote to its Maintenance Department. Again, MCCS Business Operations involvement in this process should be very beneficial, not only in the decision making process, but also to develop a better working relationship between MCCS Support and Business Operations.

### 3.13 Recommendation #13 – Perform a Cost/Benefit Analysis on MCCA Marketing

**Current Environment:** The current Marketing Department costs MCCA \$846,406.55 to operate. The model will show that Commercial Sponsorship, Commercial Advertising, and Graphic Art consume more than \$460K in resources.

**Description of Recommended Actions:** The ABC/M Core Team should perform a cost/benefit analysis on the Marketing Department. Commercial Sponsorship and Commercial Advertising should be generating revenue to offset their costs. This analysis should also include key members from MCCA Business Operations. Also, the Air station's remote location and the lack of competition in the retail areas should be taken into consideration when analyzing the amount of resources consumed by this department.

**Potential Outcome: Reallocation of resources/cost savings.** The potential for cost savings or resource realignment exists in this area. Due to the remote location and lack of competition in Japan for most goods, there are a substantial amount of resources dedicated to these activities. Business Operations managers should be allowed to help establish the need for and amount of Marketing provided for their operations.

### 3.14 Recommendation #14 – Perform a Cost/Benefit Analysis on MCCA Merchandising

**Current Environment:** MCCA is currently consuming over \$500K of resources on Merchandising at MCAS Iwakuni.

**Description of Recommended Actions:** The Core Team should perform a cost/benefit analysis on the Merchandising Department. The amount of resources devoted to merchandising in the Exchange and other stores should be determined by MCCA Business Operations and Support after the analysis has been completed. Due to the remote location of the base, it needs to be decided how much of MCCA's resources should be devoted to this activity and could those resources be used to provide other value added services.

**Potential Outcome: Reallocation of resources/cost savings.** The potential for cost savings or resource realignment exists in this area. Due to the remote location and lack of competition in Japan for most goods, there are a substantial amount of resources dedicated to these activities. Business Operations managers should be allowed to help establish the need for and amount of Marketing provided for their operations.

### 3.15 Recommendation #15 – Perform a detailed analysis on the Single Marine Program

**Current Environment:** The Semper Fit Single Marine Program is consuming \$433K in resources. The Single Marine Program provides reduced rate/free trips, free pizza nights, separate gym facilities and bowling alleys, and other events for unaccompanied Marines.



**Description of Recommended Actions:** An analysis of the number of unaccompanied Marines that are actually benefiting from this program vs. the amount of resources being consumed here needs to be studied. There is a duplication of effort in providing separate gym and bowling facilities. The existing gym and bowling alleys can support the Single Marines and would save resources. The Single Marines could be given vouchers to bowl for free and the bowling alley could collect fees from the program manager. The base is small enough that having duplicated activities is usually ineffective use of resources.

**Potential Outcome: Realignment of resources/cost savings.** This area has great potential for resource realignment/cost savings. There is duplication of effort in this program, as well as a high dollar amount per participant being spent here. There is a high priority placed on this program to provide resources to unaccompanied Marines while serving in Iwakuni, but the number of Marines using this program seems to be low.

**3.16 Recommendation #16 – Study the cost of maintaining the golf course before making a decision to increase the number of holes on the course.**

**Current Environment:** The base provides a 9-hole golf course for use by personnel on the base. There is an ongoing discussion about adding 9 more holes to the golf course.

**Description of Recommended Actions:** The current cost of providing a round of golf at Torri Pines Golf Course is around \$25 and the cost of hitting a bucket of range balls is \$2.25. The maintenance of the golf course is main cost driver of these two activities. If the golf course is expanded, these costs will increase as well. The prices of these two activities will have to increase dramatically to recover the cost of providing an 18-hole course.

**Potential Outcome:** An analysis of the increased costs of maintaining 9 more holes should make the decision of whether or not to expand the course much easier. An alternative decision could be to improve the 9 existing holes, which would result in a minimal increase in maintenance costs.

**3.17 Recommendation #17 – Perform an analysis of the personnel descriptions in PSD Administration**

**Current Environment:** The head of the Personal Services Division is a GS-13 Stateside hire. Most of the duties performed by this position are administrative in nature and there is no regulation requiring this grade level employee.

**Description of Recommended Actions:** These billets in PSD Administration should be reviewed, not the people working in the positions, to determine if their grade levels are appropriate for the services they are providing. This small group of people is consuming nearly \$180K in resources and is providing no value added activities. By their own data call survey; their major responsibility is delegating work and general administration.

**Potential Outcome: Substantial Cost Savings.** By reducing the grade level of employee in these positions, cost savings will be achieved.

### **3.18 Recommendation #18 – PMO – Analyze the Resources Consumed by the K-9 Unit**

**Current Environment:** PMO is currently consuming in excess of \$250K on the K-9 Unit.

**Description of Recommended Actions:** This analysis should determine if the K-9 service could be provided to the base at a lower cost without diminishing the service. This analysis should also determine whether the current number of dogs and trainers is appropriate for the base.

**Potential Outcome: Cost Savings.** Because the data in the model is not reliable in this area the amount of savings is not identifiable. However, any reduction in resources being consumed would result in cost savings for the base.

### **3.19 Recommendation #19 – PMO – Analyze the Use of Japanese vs. Military Security Guards**

**Current Environment:** PMO employs 44 Japanese Security Guards at a cost of approximately \$2.2M, while the 70 Marine Security Guards only cost \$1.9M. There is a need for the Japanese Security Guards to maintain some continuity when Marines rotate on/off base, but is the 44/70 mix, the most efficient mix.

**Description of Recommended Actions:** An analysis of the number of Japanese Security Guards that are essential to base operations is necessary. These guards are costing almost twice as much as a Marine Security Guard, so whenever possible Marines should be used in this capacity. The key to this analysis is to get the most efficient mix of Japanese vs. Marine Security Guards.

**Potential Outcome: FTE Realignment/Cost Savings.** By replacing a number of Japanese Guards with Marines, Japanese workers can be moved to another area or their billets can be eliminated and cost savings will occur. The analysis in this area should not occur until PMO has updated their section of the model, as the current data is unreliable.

### **3.20 Recommendation #20 – Command and Staff Protocol – Review Activities for Processing Security Clearances**

**Current Environment:** The Protocol division is reviewing its activities for processing security clearances. In the current environment, processing a security clearance may take up to a year to complete. This is a significant issue when an employee is on station for only one year and requires a security clearance to perform his/her job. Protocol has located several queues that severely increase clearance processing time including:

- Links to external government databases
- Processing time required by several on base entities (e.g., medical, legal)

**Description of Recommended Actions:** Work with external and internal entities to reduce wait times required for processing security clearances.

**Potential Outcome:** Increased Customer Service, FTE Realignment

If Protocol can reduce wait times required to interface with internal and external entities, the division will be able to provide considerably more service to the station. In addition, Protocol will be able to divert resources that were previously devoted to communication with internal and external entities to other areas that require attention.

### **3.21 Recommendation #21 – Command and Staff Quest/TQ - Perform a Cost/Benefit Analysis on the TQ and Quest Offices**

**Current Environment:** The Quest and TQ offices are currently consuming in excess of \$540K in resources.

**Description of Recommendation Actions:** The analysis in this area should also include the cost of contracting out some of the services offered by this group. With the ABC model in place, many of the studies that were done in the past may become obsolete. A good performance measure for this group would be the number of actions taken as a result of the studies that were conducted. Possibly contracting out training should also be explored vs. maintaining a staff on base. A grade analysis should also be done in this area, as it is heavy with high-level GS employees.

**Potential Outcome:** Cost Savings/FTE Realignment. There is potential resource realignment/cost savings in this department.

### **3.22 Recommendation #22 – Comptroller – Implement One Stop Processing for TAD**

**Current Environment:** In order process a TAD claim considerable effort is required from the S-1 Admin division and the Comptroller Department. Tracking a TAD claim is often fragmented between the two offices; therefore, it is often difficult for customers to make inquiries about their claims.

**Description of Recommended Actions:** Continue the analysis of one stop processing for TAD claims.

**Potential Outcome:** Increased Customer Service, Realignment of 1.4 FTE, Resource Realignment of \$38K

By implementing one stop processing for TAD claims the Comptroller's office will consolidate the fragmented TAD process. Customers should be able to make inquiries at one central location and thereby eliminate the need for much of the \$38K and 1.4 FTE devoted to TAD processing in

the S-1 Admin division. This will increase customer satisfaction with TAD claim processing, while at the same time, allow the S-1 Admin office to focus on other customer related issues.

#### IV. Long-term Improvement Opportunities

In addition to the “Current Improvement Opportunities” outlined in the previous chapter, there are several “Long-term Improvement Opportunities” identified that, due to varying factors, may take longer to realize the benefits of taking action. The following sections outline each “Long-term Improvement Opportunity.”

##### 4.1 S1 – Postal – Implement Use of 11 Digit Zip Codes for Overseas Bases

**Current Environment:** Marine Corps overseas post offices (Okinawa and Iwakuni) currently have mail delivered to them through San Francisco using a five-digit zip code. Once the mail arrives to the base, it is sorted manually and delivered to station residents. In Iwakuni, this process takes an employee on average about 2 ½ hours per night to perform. Okinawa has far greater FTE devoted to this process due to its size. They process approximately 200 feet of mail (this is a measure used by post offices to quantify workload) per night.

**Description of Recommended Actions:** Work with US Post Office San Francisco to have the mail sorted and delivered by 11-digit zip code.

**Potential Outcome:** FTE Realignment of 0.25

The US Post Office has technology in San Francisco to deliver mail to overseas bases by 11-digit zip code. Using an 11-digit code sorts mail alphabetically and by post office box number. This would eliminate the need to have employees “throwing” (sorting in order by name and box number) mail each night. This could realign up to 0.25 of an FTE in Iwakuni. The savings in Okinawa would be far greater due to the substantial volume processed every night.

##### 4.2 S1 – Postal – Implement Use of National Change of Address Database for Overseas Bases

**Current Environment:** In the United States, the Post Office requires that all direct mail senders update their mailing lists every six months from the Post Office’s National Change of Address Database. If the mailer updates their mailing list they receive a bulk mail discount. This helps the mailer and the Post Office limit the amount of direct mail in the system.

Marine Corps overseas post offices (Okinawa and Iwakuni) do not currently use the National Change of Address Database. This means that all direct mail to overseas base personnel and dependents is sent regardless of any change of address. Due to the frequency of rotations in the military, a huge amount of useless direct mail is delivered overseas. The shipping cost of this mail is directly charged to the military because once the mail is sorted at an FPO address, it is transported to the overseas station via military transport supply lines.

**Description of Recommended Actions:** Work with US Post Office to include overseas bases in the National Change of Address Database

**Potential Outcome: Drastic Reduction of Direct Mail Overseas Shipments**

By joining the National Change of Address Database, the Marine Corps would drastically reduce the amount of direct mail shipped overseas. This, in turn, would substantially reduce shipping costs incurred by the Marine Corp and reduce the workload of those sorting the mail.

**4.3 Logistics – Marine Corps Property (MCP) – Evaluate Cost of Tracking and Monitoring Controlled Property Base-wide**

**Current Environment:** The department head of Logistics realizes that his employees spend considerable time tracking and monitoring controlled property. In addition, he knows that each controlled property investigation takes a considerable amount of other employee's time on station (e.g., Commanding Officer, Executive Office, Department Heads). He does not know, however, how much it costs the base to monitor and track controlled property base-wide.

**Description of Recommended Actions:** Add "Respond to Controlled Property Investigations" as an activity in the ABC model for FY00.

**Potential Outcome: Acquire Baseline Cost for Tracking and Monitoring Controlled Property**

Once a baseline cost for tracking and monitoring controlled property has been established, it will be possible for Logistics MCP to determine the cost of a controlled property investigation. In many cases it may not be worth the time to investigate the loss of an item. For example, if it costs \$500 to track a lost vacuum cleaner worth only \$100, why is the station tracking such items? Armed with this type of information, Logistics MCP will be able to review their list of controlled items and adjust which items are tracked and monitored.

**4.4 Facilities – Maintenance and Control (MC) – Highlight Weaknesses in Current Data Tracking Systems**

**Current Environment:** The Facilities MC division was able to use the ABC model to highlight current weaknesses in their Maximo system. The ABC model uses Maximo data to drive costs from activities to outputs. Facilities MC outputs divide the work done by Facilities into different category codes from Maximo. Currently, the Maximo system tracks 45% of the hours to an "Other" category.

**Description of Recommended Actions:** The Facilities MC division is already working on a plan to reduce the classification of hours as "Other."

**Potential Outcome: More Reliable Maximo and ABC Data**

#### **4.5 MCCA – Business Operations – Track Cost of “Tagging” Merchandise**

**Current Environment:** MCCA Business Operations uses an inventory control system based on skew codes. Each item is “tagged” with an individual bar code that contains price, skew number, and other tracking information. This process takes considerable time and effort and does not take advantage of the UPC code already on the item for sale.

**Description of Recommended Actions:** Add “Tag Items” as an activity in the ABC model for FY00.

**Potential Outcome:** Acquire Baseline Cost for “Tagging” Items

Once Business Operations has a baseline for how much it costs to “tag” items, it will be easier for them to report to Headquarters MCCA on the true costs of not taking advantage of UPC codes. If MCCA as a whole can move to UPC codes they will have better inventories, more accurate shrinkage data, and better overall customer service.

#### **4.6 MCCA – Business Operations – Improve Communication Between Business Operations and Support Functions**

**Current Environment:** During Grant Thornton’s ABM meetings we noticed substantial miscommunication between the Business Operations and Support divisions. For example, Business Operations believes that it is very difficult to compete for the scarce labor resources on base. Whenever positions open in Support, employees tend to accept those positions because they are better paying jobs. In addition, Business Operations raised questions concerning:

- The quantity of Support labor versus labor that supports Business Operations
- And, the allocation of resources used to support revenue generating divisions of MCCA (e.g., Marketing and Merchandising)

This type of miscommunication creates a feeling of distrust between the two divisions that leads to the reduced overall effectiveness of MCCA. Currently, there are no forums to voice these concerns and in many cases employees do not feel comfortable talking about these issues.

**Description of Recommended Actions:** Create a neutral forum where issues and concerns from both sides can be discussed.

**Potential Outcome:** Create a Greater Team Feeling within MCCA

By creating an environment where leaders from Support functions and Business Operations functions can discuss issues and concerns, each side will understand the other’s perspective on business decisions. This should help ease tensions between the two groups and allow MCCA to operate more efficiently in aggregate.

#### 4.7 MCAS Iwakuni – Organizational Sustaining Activities

**Current Environment:** The FY99 ABC model calculated “Organization Sustaining” activity costs for every division on base. The breakout of these costs, located in Appendix A, provides a detailed picture of “Organizational Sustaining” costs for the station. We have marked each division, depending on the percentage of “Organizational Sustaining” activity cost, with a colored indicator.

**Description of Recommended Actions:** Have each division review their “Organizational Sustaining” activity costs. It is imperative that each division understands what these activities represent and how they relate to their mission. If there are questions concerning what “Organizational Sustaining” activities are, make sure the divisions talk to the Core Team. It is important to note that “Organizational Sustaining” activities should be expected in every division. If a division does not have any “Organizational Sustaining” costs the team should question why. Conversely, if the “Organizational Sustaining” activities are a large percentage of total division cost, the team should question why.

**Potential Outcome:** Accurate Baseline for “Organizational Sustaining” Activities